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E. K. BOWMAN
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STATE DOCUMENTS

Jun 1977

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STATE OF MONTANA BOARD OF HAIL INSURANCE

HELENA, MONTANA

March 1, 1958.

Honorable J. Hugo Aronson,
Capitol Building,
Helena, Montana.

Re: 1957 Hail Insurance Board Operations.

Dear Governor:

1957 was another successful year for the Hail Insurance Department. While the loss ratio was a little over the average (6.9% against 6.3%), it still was well below the income for the year. The amount of insurance issued increased 50% over that written in 1956. In 1956 the very dry condition in the eastern part of the state made business there very light. In 1957 there was a good volume of business written there. In fact, the growing conditions averaged so much better over all of the grain area last summer that it caused the large increase in the volume of hail insurance written.

Statistical tables showing the business in the various counties in detail will be found at the end of this letter. Also a summary on the 1957 operations together with one showing the experience for the past 39 years.

Big Horn County had the largest loss payments. Nearly all of the loss paid was for the June 6 storm. After the storm there appeared a good chance for recovery. The damaged grain was nearly all winter wheat. The fields were reviewed several times during the summer and the recovery was found very discouraging. It was found that most of the fields had suffered serious and permanent damage.

Following are the counties which received the largest payments for 1957—

County	Premiums	Losses	Loss Ratios	
			In 1957	All Years
Big Horn	\$39,315	\$54,971	14%	8%
Fergus	39,556	54,112	12%	8%
McCone	48,822	49,556	10%	7%
Sheridan	19,649	34,219	15%	5%
Richland	35,460	23,843	7%	7%
Dawson	23,586	17,240	7%	10%

The storm which hit Big Horn County June 6, was rather severe for that early date. It started in Sweetgrass County and swept south-eastward through Stillwater and parts of Yellowstone and Carbon Counties into Big Horn.

The most widespread storm of the season was on July 14, when loss claims were filed from most of the counties east of the mountains. Other July storms of note were on the 1st, 3rd, and 23rd. The most severe August storms were on the 10th and 11th. The damage from these August storms was greatly lightened by a well advanced harvest. Also a lot of heavy damage was escaped because of the large number of fields which had been wind-rowed.

The last severe storm of the season was Sept. 4. It was unusual because of the late date and also the size of the hail stones. Different areas reported hail stones the size of hen's eggs and golf balls. It turned out that the most of the damage was confined to irrigated crops in the lower Yellowstone Valley from Terry east.

Reserve Fund. This has been a most important development in recent years. As early as in the 1920's former Hail Insurance Boards agreed that a good sized reserve fund was a must in order that full and prompt payment of hail losses be assured. In the following years low grain prices and drouth, together with occasional years with heavy hail losses delayed the start of the Reserve Fund. Finally, the first good start was made in 1947 when \$150,000 was left after paying losses. Hail losses were moderate in several of the following years. Grain prices and yields were satisfactory to good so that large numbers of farmers carried state hail insurance. Nearly all of the premiums were paid. All of these things added to a big growth in the hail insurance Reserve Fund, so that by the start of 1953 it had grown to \$900,000.

At this time, many of the farmers urged the Legislature to provide the Hail Insurance Board with authority to write more hail insurance per acre on grain. As a result, the Legislature approved an increase of from \$10.00 per acre to \$12.00. At the same time they raised the limit of the Reserve Fund from \$1,000,000 to \$1,200,000.

Since 1953 conditions have continued favorable for the Hail Insurance Fund. All losses have been promptly paid and at the same time the Reserve Fund has grown to the new limit of \$1,200,000. Besides this, a reduction has been made in the cost of the hail insurance. In 1956 a 20% reduction was made and now for 1957 10% of each farmer's premium is being returned to him. All farmers who have paid their 1957 premiums will soon receive a warrant for 10% of the amount paid for the hail insurance

Earnings On the Reserve Fund. The interest and discount received from the bonds in which this is invested has added large sums each year to the hail insurance fund. As recent as 1954 the interest received was only 1¼ %. Since then the interest rate has increased so that some of the bonds pay from 3% to over 4%. This interest and discount added about \$40,000 to the Reserve Fund for 1957 and will add a larger sum for 1958.

The main credit for the building of the Reserve Fund belongs to the many farmers who have faithfully continued to insure. Those who continue to insure will receive refunds on their hail insurance premiums in all future years when the losses are not much above the average, thanks to the large Reserve Fund.

It is a pleasure to again submit such a favorable report and to tell you of my appreciation for your cooperation with the department. Also I, together with the other members of the Hail Board wish to commend all of the State and County Officers whose cooperation has been a big factor in the success of the Hail Insurance Fund. Also we wish to commend the efficient and faithful services rendered by the hail insurance adjusters, many of whom have served quite a number of years.

Respectfully submitted for the
State Board of Hail Insurance,
By E. K. BOWMAN, Chairman.

Detail Statement

RISK, LEVY, LOSSES, LOSS RATIOS

COUNTY	1957 RISK	1957 LEVY	1957 LOSSES	1957 LOSS RATIO	39 YEAR LOSS RATIO
Big Horn	\$ 403,726.18	\$ 39,315.70	\$54,971.08	14	8
Blaine	68,533.00	5,008.71	16,237.22	24	5
Broadwater	24,648.00	967.59			4
Carbon					3
Carter	4,677.00	467.70	712.14	15	10
Cascade	21,084.93	1,536.51			3
Chouteau	432,324.00	31,324.07	9,261.77	2	3
Custer	624.00	53.92			6
Daniels	202,707.00	16,477.09	2,462.35	1	4
Dawson	255,336.00	23,586.83	17,240.73	7	10
Fallon	86,893.50	8,767.23	9,349.21	11	9
Fergus	433,815.00	39,556.10	54,112.29	12	8
Flathead					4
Gallatin					8
Garfield	43,166.00	3,973.12	661.06	2	7
Glacier	18,504.16	1,279.42			4
Golden Valley	58,376.50	5,911.04	325.38	1	10
Granite					5
Hill	209,620.00	13,031.16	4,606.67	2	4
Jefferson	5,000.00	200.00			1
Judith Basin	188,380.40	15,447.00	8,960.66	5	11
Lewis & Clark					7
Liberty	399,236.00	23,773.23	3,644.82	1	4
Madison					4
McCone	491,598.60	48,822.74	49,556.17	10	7
Meagher					11
Musselshell	12,834.00	1,346.28			13
Park					12
Petroleum	13,412.00	1,210.26			5
Phillips	32,726.00	2,584.02	2,750.27	8	4
Pondera	56,348.00	3,521.04	480.40	1	6
Powder River	148,617.50	13,631.08	17,062.34	11	7
Powell					1
Prairie	127,739.00	12,735.97	8,254.08	6	10
Ravalli					9
Richland	354,036.24	35,460.07	23,843.46	7	7
Roosevelt	165,852.40	11,735.49	3,190.28	2	3
Rosebud	6,048.00	539.83			7
Sheridan	235,239.00	19,649.89	34,219.54	15	5
Stillwater	39,656.00	3,939.31	115.40		8
Sweet Grass					6
Teton	22,681.00	1,426.70	153.85		2
Toole	105,688.00	7,473.02	4,703.84	4	5
Treasure	10,334.00	1,032.77	380.26	4	14
Valley	21,299.00	1,765.85	1,506.84	7	5
Wheatland	38,430.00	3,911.81	1,688.30	4	9
Wibaux	19,992.00	2,018.11	405.51	2	7
Yellowstone	27,894.00	2,844.62	576.00	2	6
	<u>\$4,787,076.41</u>	<u>\$ 406,325.28</u>	<u>\$331,431.92</u>	<u>6.9%</u>	<u>6.3%</u>

1957 Business Summary

Total Risk Written	\$ 4,787,076.41
Premium Charge	406,325.28
Losses Paid	331,431.92
Policies Issued (850 cash)	1,911
Loss Claims Filed	427
Total Acres Insured	454,322.5
Acres Reported Damaged	92,829.5
Average Acres Insured Per Policy	238
Number of Days With Hail	34
Loss Ratio	6.9%
*Average Cost Per \$1,000 of Protection	\$ 84.80
*Average Cost of Insurance	8.4%
Operating Expense Ratio	7.2%

*10% of the money paid for 1957 premiums is being refunded now. This actually reduces the average cost of the insurance to \$75.32 per \$1,000 of protection or to 7.5%.

Administration Account for 1957

1. State office salaries, traveling expense, chairman, clerk hire, board members fees and expense	\$10,234.93
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equipment, insurance, employees' bonds, P.E.R.S. and Social Security)	\$ 3,990.76
3. Hail adjusters salaries and expense	\$14,558.30
4. Office Rent	\$ 300.00
	<u>\$29,083.99</u>

39 Year Summary

Total Risk Written	\$107,584,980.54
Premium Charge	9,055,207.26
Losses Paid	6,788,484.17
Policies Issued	68,033
Total Acres Insured	12,080,675.1
Average Acreage Per Policy	178
Average Risk Per Acre	\$ 8.91
Loss Ratio	6.3%
Average Cost Per \$1,000 of Protection	\$ 84.17
Number of Losses Filed	14,855